

even to eleven and a half per cent., and the government by a law of November 13, 1899, authorized the redemption of bank-notes in silver. In its annual report for 1901 the bank noted the fact that the premium on exchange had mounted to fourteen per cent, and laid its finger on the fatal defect of a state-owned bank,—that its credit was linked inseparably with the augmenting pecuniary needs of the government.<sup>1</sup> Some improvement took place after the government loan of 1902, and exceptionally large crops in 1904 forced the premium on exchange for a moment to the negligible level of half of one per cent<sup>2</sup>; but it was not until 1906 that the premium was entirely suppressed and the exchange of notes for gold was resumed. The bank, under these conditions, decided to limit the denominations of the silver notes which it had issued during the period of suspension to five and ten levs (\$1 and \$2).<sup>3</sup>

The result of the change in conditions was a rapid influx of gold into the bank. There was a gain of 3,600,000 levs during 1904, carrying total holdings at the end of the year to 9,272,724 levs; by the close of 1905 there was a further advance to 20,600,220 levs and for 1906 to 27,699,000 levs (\$5,350,000), while silver remained substantially stationary at 10,688,000 levs (\$2,065,000). The circulation of the bank, which was only 1,900,000 levs (\$367,000) at the close of 1890, was 21,700,000 in 1900 ; 32,900,000 in 1903; 37,193,000 in 1905 ; 44,622,000 in 1906; and 50,000,000 levs (\$9,650,000) in June, 1908.

#### *The National Bank of Servia.*

The bank-note circulation of Servia is issued by the National Bank of Servia, which was established by the law of January 6, 1883, subsequently modified by the law of September 23, 1885. The capital of the bank is 20,000,000 dinars (\$4,000,000), of which, however, only half has been paid up.